

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2065**

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**Introduced by Assembly Member Members Charles Calderon and  
De La Torre**

February 18, 2010

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~~An act to amend Section 64 of the Revenue and Taxation Code, relating to taxation. An act to add Section 33320.6 to the Health and Safety Code, relating to redevelopment.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2065, as amended, Charles Calderon. ~~Property taxation. Redevelopment Agency of the City of Downey: plan amendment.~~

*The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area. Existing law authorizes the legislative body to amend or modify the plan by ordinance upon the recommendation of the agency and establishes procedural requirements and restrictions related to amendment of the plan.*

*Section 16 of Article XVI of the California Constitution authorizes a redevelopment agency to receive funding through tax increments attributable to increases in assessed property tax valuation of property in a project area due to the redevelopment. Not less than 20% of tax increments generated from a project area are required to be used by a redevelopment agency to increase and improve the community's supply of low- and moderate-income housing. Redevelopment agencies also*

are required in specified years to remit an amount of revenue for deposit in various funds for allocation to school entities.

This bill would authorize the redevelopment agency of the City of Downey to add described territory to a redevelopment project area within the city upon the adoption of an ordinance adopted by the city council that contains specified time limitations and restrictions. The bill would exempt the adoption of the amendment of the redevelopment plan to add the specified territory of the City of Downey from various requirements. The bill would authorize the agency to subordinate to bonded debt the amount required to be paid to an affected school entity upon a finding that the agency will have sufficient funds available to pay both the bonded debt payments and the required payments.

The bill would make a legislative declaration regarding the need for a special statute.

~~Existing law requires the Franchise Tax Board to include specified questions on the income tax returns of specified entities regarding changes in ownership of the real property owned by the entity and requires the Franchise Tax Board to notify the State Board of Equalization if an entity responds affirmatively to these questions.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. (a) It is the intent of the Legislature to encourage
- 2     and allow the redevelopment of certain property in the City of
- 3     Downey for job creation and the increase of the community and
- 4     region's economic base adjacent to that property.
- 5     (b) The Legislature finds and declares that extraordinary
- 6     measures are required in order to address the current economic
- 7     recession and the unusually high unemployment rate. The
- 8     amendment of the territory specified in this act to a project area
- 9     of the City of Downey will create 1,200 new clean-tech and
- 10    career-ladder jobs, encourage green technology production, and
- 11    further stimulate economic revitalization in the region.
- 12    SEC. 2. Section 33320.6 is added to the Health and Safety
- 13    Code, to read:

33320.6. (a) (1) *The redevelopment agency within the City of Downey may add the following territory consisting of two parcels to a redevelopment project area within the city:*

(A) *Those portions of Lot 2 and Lot 3 of fractional Section 10, Township 3 South, Range 12 West, in the Rancho Santa Gertrudes, together with a portion of the southwest quarter of said fractional Section 10, in the City of Downey, County of Los Angeles, State of California as recorded in book 1, page 502 of miscellaneous records, recorded in the office of the county recorder of said county, described as follows:*

*Beginning at a point in the northerly line of said Lot 2 in the northwest quarter of fractional Section 10, said line also being the northerly line of Stewart and Gray Road, 80 feet wide, distant thereon south 89°52'14" west 646.51 feet from the northeast corner of said Lot 2; thence on a line between said point of beginning and the southwest corner of the southeast quarter of the northeast quarter of the southwest quarter of fractional Section 10, south 00°13'16" west 1011.24 feet to the true Point of Beginning; thence south 89°48'11" west 1194.23 feet to a point in a line that is parallel with and distant southeasterly 40.00 feet, measured at right angles, from the centerline of Lakewood Boulevard, as shown on county Surveyors B Series Map No. 1147, on file in the office of the county engineer of said county; thence south 3141'38" west, along said parallel line, a distance of 1437.27 feet to a point in a line that is parallel with and distant easterly 40.00 feet, measured at right angles, from the centerline of Clark Avenue as shown on said county Surveyors B Series Map No. 1147; thence south 00°03'38" west, along last said parallel line, a distance of 485.49 feet; thence north 90°00'00" east 859.79 feet to the beginning of a tangent curve concave northwesterly and having a radius of 600.00 feet; thence northeasterly along said curve through a central angle of 18°48'42", a distance of 197.00 feet to the beginning of a compound curve concave northwesterly and having a radius of 82.00 feet; thence northeasterly along said curve through a central angle of 59°12'23", a distance of 84.73 feet to the beginning of a reverse curve concave southeasterly and having a radius of 398.00 feet; thence northeasterly along said curve through a central angle of 78°01'06", a distance of 541.95 feet; thence north 90°00'00" east 321.62 feet to the beginning of a tangent curve concave southwesterly and having a radius of 418.00*

1 feet; thence southeasterly along said curve through a central angle  
2 of  $17^{\circ}39'05''$ , a distance of 128.78 feet to said line between the  
3 point of beginning and the southwest corner of the southeast  
4 quarter of the northeast quarter of the southwest quarter of  
5 fractional Section 10; thence north  $00^{\circ}13'16''$  east, along said  
6 line, a distance of 1324.18 feet to the true Point of Beginning.

7 Containing an area of 2,550,976 square feet, more or less.

8 (B) That portion of Lot 2 in the northwest quarter of fractional  
9 Section 10, Township 3 South, Range 12 West, in the Rancho Santa  
10 Gertrudes, together with a portion of the southwest quarter of said  
11 fractional Section 10, in the City of Downey, County of Los  
12 Angeles, State of California as recorded in book 1, page 502 of  
13 miscellaneous records, recorded in the office of the county recorder  
14 of said county, described as follows:

15 Beginning at a point in the northerly line of said Lot 2 in the  
16 northwest quarter of fractional Section 10, said line also being  
17 the northerly line of Stewart and Gray Road, 80 feet wide, distant  
18 thereon south  $89^{\circ}52'14''$  west 646.51 feet from the northeast corner  
19 of said Lot 2; thence on a line between said point of beginning  
20 and the southwest corner of the southeast quarter of the northeast  
21 quarter of the southwest quarter of fractional Section 10, south  
22  $00^{\circ}13'16''$  west 1100.59 feet to the true Point of Beginning; thence  
23 at right angles to the easterly line of said Lot 2, said easterly line  
24 also being the centerline of Bellflower Boulevard, north  $89^{\circ}52'23''$   
25 east 613.20 feet to a point in a line that is parallel with and distant  
26 westerly 40.00 feet, measured at right angles, from said easterly  
27 line of Lot 2; thence south  $00^{\circ}07'37''$  east, along said parallel  
28 line, a distance of 222.54 feet to the intersection of said parallel  
29 line, with a line that is parallel with and distant westerly 40.00  
30 feet, measured at right angles, from the easterly line of said  
31 southwest quarter of said fractional Section 10; thence south  
32  $00^{\circ}04'17''$  east, along last said parallel line, a distance of 1225.63  
33 feet to a line that is parallel with and distant northerly 96.00 feet,  
34 measured at right angles, from the southerly line of said northeast  
35 quarter of the southwest quarter of fractional Section 10; thence  
36 south  $89^{\circ}51'04''$  west, along last said parallel line, a distance of  
37 238.81 feet to the beginning of a tangent curve concave  
38 northeasterly and having a radius of 252.00 feet; thence  
39 northwesterly along said curve through a central angle  $49^{\circ}21'31''$ ,  
40 a distance of 217.09 feet to the beginning of a reverse curve

1 *concave southwesterly and having a radius of 418.00 feet; thence*  
2 *northwesterly along said curve through a central angle of*  
3 *31°33'30", a distance of 230.23 feet to said line between the point*  
4 *of beginning and the southwest corner of the southeast quarter of*  
5 *the northeast quarter of the southwest quarter of fractional Section*  
6 *10; thence north 00°13'16" east, along said line, a distance of*  
7 *1234.83 feet to the true Point of Beginning.*

8 *Containing an area of 857,497 square feet, more or less.*

9 *(2) The Legislature hereby finds and conclusively determines*  
10 *that the area described in paragraph (1) is predominantly*  
11 *urbanized and blighted territory, as defined in Sections 33030 and*  
12 *33031.*

13 *(3) Notwithstanding any other law, if the agency exercises the*  
14 *authority specified in paragraph (1), the amendment of the*  
15 *redevelopment plan to add the above described territory shall not*  
16 *be subject to the legal requirements of this chapter and shall only*  
17 *be subject to the procedures as provided in this section.*

18 *(b) The agency may exercise its authority pursuant to*  
19 *subdivision (a) upon an ordinance adopted by the city council that*  
20 *contains all of the following:*

21 *(1) A limitation on the number of dollars of taxes that may be*  
22 *divided and allocated for the added area to the redevelopment*  
23 *agency. Taxes shall not be divided and shall not be allocated to*  
24 *the redevelopment agency beyond this limitation, except by*  
25 *amendment of the redevelopment plan pursuant to Section 33354.6,*  
26 *or as necessary to comply with subdivision (a) of Section 33333.8.*

27 *(2) (A) A time limitation on the establishing of loans, advances,*  
28 *and indebtedness to be paid with the proceeds of property taxes*  
29 *received pursuant to Section 33670 to finance in whole or in part*  
30 *the redevelopment in the added area, which may not exceed 20*  
31 *years from the effective date of the ordinance specified in*  
32 *subdivision (b), except by amendment of the redevelopment plan*  
33 *as authorized by subparagraph (B). The loans, advances, or*  
34 *indebtedness may be repaid over a period of time longer than the*  
35 *time limit as provided in this section. No loans, advances, or*  
36 *indebtedness to be repaid from the allocation of taxes shall be*  
37 *established or incurred by the agency beyond this time limitation,*  
38 *except as necessary to comply with subdivision (a) of Section*  
39 *33333.8.*

1     (B) *The time limitation established by subparagraph (A) may*  
2 *be extended only by amendment of the redevelopment plan after*  
3 *the agency finds, based on substantial evidence, that: (i) substantial*  
4 *blight remains within the project area, (ii) the blight cannot be*  
5 *eliminated without the establishment of additional debt, and (iii)*  
6 *the elimination of blight cannot reasonably be accomplished by*  
7 *private enterprise acting alone or by the legislative body's use of*  
8 *financing alternatives other than tax increment financing. However,*  
9 *this amended time limitation may not exceed 30 years from the*  
10 *effective date of the ordinance specified in subdivision (b), except*  
11 *as necessary to comply with subdivision (a) of Section 33333.8.*

12     (3) *A time limit, not to exceed 30 years from the effective date*  
13 *of the ordinance specified in subdivision (b), on the effectiveness*  
14 *of the redevelopment plan with respect to the added area. After*  
15 *the time limit on the effectiveness of the redevelopment plan, the*  
16 *agency shall have no authority to act pursuant to the redevelopment*  
17 *plan except to pay previously incurred indebtedness, comply with*  
18 *subdivision (a) of Section 33333.8, and enforce existing covenants*  
19 *or contracts.*

20     (4) *A time limit, not to exceed 45 years from the effective date*  
21 *of the ordinance specified in subdivision (b), to repay indebtedness*  
22 *with the proceeds of property taxes received pursuant to Section*  
23 *33670. After the time limit established pursuant to this paragraph,*  
24 *an agency may not receive property taxes pursuant to Section*  
25 *33670, except as necessary to comply with subdivision (a) of*  
26 *Section 33333.8.*

27     (5) *The limitations contained in a redevelopment plan adopted*  
28 *pursuant to this section shall not be applied to limit allocation of*  
29 *taxes to an agency to the extent required to comply with Section*  
30 *33333.8. In the event of a conflict between these limitations and*  
31 *the obligations under Section 33333.8 the limitation established*  
32 *in the ordinance shall be suspended pursuant to Section 33333.8.*

33     (6) *Provide for conformity with the community's general plan,*  
34 *as may be amended from time to time.*

35     (7) *The requirements of Section 33333 shall be met by*  
36 *conformance with the Downey Landing specific plan, as may be*  
37 *amended from time to time.*

38     (c) (1) *The amendment of the redevelopment plan to add the*  
39 *territory described in paragraph (1) of subdivision (a) shall not*  
40 *be subject to the requirements of Section 33333.11.*

1     (2) *The ordinance adopted by the city council pursuant to*  
2     *subdivision (b) shall not be subject to referendum and shall be*  
3     *deemed exempt from the provisions of Sections 33450 and 33378.*

4     (d) *Notwithstanding subdivision (k) of Section 33352, the*  
5     *California Environmental Quality Act (Division 13 (commencing*  
6     *with Section 21000) of the Public Resources Code) shall not apply*  
7     *to the adoption of the amendment of the redevelopment plan to*  
8     *add the territory described in paragraph (1) of subdivision (a).*  
9     *All projects, as defined in the act, that implement the amended*  
10    *redemption plan shall be subject to the act, including, but not*  
11    *limited to, specific plans and rezonings.*

12    (e) *Notwithstanding any other law, from the first year that the*  
13    *agency receives tax increment revenue and prior to incurring any*  
14    *bonded indebtedness, the agency administering a project area*  
15    *pursuant to this section may subordinate to the bonded debt the*  
16    *amount required to be paid to an affected school district or*  
17    *community college district pursuant to this section upon a finding,*  
18    *based upon substantial evidence, that the agency will have*  
19    *sufficient funds available to pay both the bonded debt payments*  
20    *and the payments required by this section.*

21    SEC. 3. *The Legislature finds and declares that, because of*  
22    *the unique circumstances applicable only to the redevelopment*  
23    *agency of the City of Downey, a statute of general applicability*  
24    *cannot be enacted within the meaning of subdivision (b) of Section*  
25    *16 of Article IV of the California Constitution. Therefore, this*  
26    *special statute is necessary.*

27    SECTION 1. ~~Section 64 of the Revenue and Taxation Code is~~  
28    ~~amended to read:~~

29    64. (a) ~~Except as provided in subdivision (i) of Section 61 and~~  
30    ~~subdivisions (c) and (d) of this section, the purchase or transfer of~~  
31    ~~ownership interests in legal entities, such as corporate stock or~~  
32    ~~partnership or limited liability company interests, shall not be~~  
33    ~~deemed to constitute a transfer of the real property of the legal~~  
34    ~~entity. This subdivision is applicable to the purchase or transfer~~  
35    ~~of ownership interests in a partnership without regard to whether~~  
36    ~~it is a continuing or a dissolved partnership.~~

37    (b) ~~Any corporate reorganization, where all of the corporations~~  
38    ~~involved are members of an affiliated group, and that qualifies as~~  
39    ~~a reorganization under Section 368 of the United States Internal~~  
40    ~~Revenue Code and that is accepted as a nontaxable event by similar~~

1 California statutes, or any transfer of real property among members  
2 of an affiliated group, or any reorganization of farm credit  
3 institutions pursuant to the federal Farm Credit Act of 1971 (Public  
4 Law 92-181), as amended, shall not be a change of ownership.  
5 The taxpayer shall furnish proof, under penalty of perjury, to the  
6 assessor that the transfer meets the requirements of this subdivision.

7 For purposes of this subdivision, “affiliated group” means one  
8 or more chains of corporations connected through stock ownership  
9 with a common parent corporation if both of the following  
10 conditions are met:

11 (1) One hundred percent of the voting stock, exclusive of any  
12 share owned by directors, of each of the corporations, except the  
13 parent corporation, is owned by one or more of the other  
14 corporations:

15 (2) The common parent corporation owns, directly, 100 percent  
16 of the voting stock, exclusive of any shares owned by directors,  
17 of at least one of the other corporations:

18 (e) (1) When a corporation, partnership, limited liability  
19 company, other legal entity, or any other person obtains control  
20 through direct or indirect ownership or control of more than 50  
21 percent of the voting stock of any corporation, or obtains a majority  
22 ownership interest in any partnership, limited liability company,  
23 or other legal entity through the purchase or transfer of corporate  
24 stock, partnership, or limited liability company interest, or  
25 ownership interests in other legal entities, including any purchase  
26 or transfer of 50 percent or less of the ownership interest through  
27 which control or a majority ownership interest is obtained, the  
28 purchase or transfer of that stock or other interest shall be a change  
29 of ownership of the real property owned by the corporation,  
30 partnership, limited liability company, or other legal entity in which  
31 the controlling interest is obtained.

32 (2) On or after January 1, 1996, when an owner of a majority  
33 ownership interest in any partnership obtains all of the remaining  
34 ownership interests in that partnership or otherwise becomes the  
35 sole partner, the purchase or transfer of the minority interests,  
36 subject to the appropriate application of the step-transaction  
37 doctrine, shall not be a change in ownership of the real property  
38 owned by the partnership.

39 (d) If property is transferred on or after March 1, 1975, to a  
40 legal entity in a transaction excluded from change in ownership



1 by paragraph (2) of subdivision (a) of Section 62, then the persons  
2 holding ownership interests in that legal entity immediately after  
3 the transfer shall be considered the “original coowners.” Whenever  
4 shares or other ownership interests representing cumulatively more  
5 than 50 percent of the total interests in the entity are transferred  
6 by any of the original coowners in one or more transactions, a  
7 change in ownership of that real property owned by the legal entity  
8 shall have occurred, and the property that was previously excluded  
9 from change in ownership under the provisions of paragraph (2)  
10 of subdivision (a) of Section 62 shall be reappraised.

11 The date of reappraisal shall be the date of the transfer of the  
12 ownership interest representing individually or cumulatively more  
13 than 50 percent of the interests in the entity.

14 A transfer of shares or other ownership interests that results in  
15 a change in control of a corporation, partnership, limited liability  
16 company, or any other legal entity is subject to reappraisal as  
17 provided in subdivision (c) rather than this subdivision.

18 (e) To assist in the determining of whether a change of  
19 ownership has occurred under subdivisions (c) and (d), the  
20 Franchise Tax Board shall include a question in substantially the  
21 following form on returns for partnerships, banks, and corporations  
22 (except tax-exempt organizations):

23 If the corporation (or partnership or limited liability company)  
24 owns real property in California, has cumulatively more than 50  
25 percent of the voting stock (or more than 50 percent of total interest  
26 in both partnership or limited liability company capital and  
27 partnership or limited liability company profits) (1) been transferred  
28 by the corporation (or partnership or limited liability company)  
29 since March 1, 1975, or (2) been acquired by another legal entity  
30 or person during the year? (See instructions.)

31 If the entity answers “yes” to (1) or (2) in the above question,  
32 the Franchise Tax Board shall furnish the names and addresses of  
33 that entity and of the stock or partnership or limited liability  
34 company ownership interest transferees to the State Board of  
35 Equalization.